

## CHAPTER XXIV.

### CRISIS OF 1893.

The Reverberation of the Baring Crash over Europe, America, and Australia—Distrust of American Silver Legislation—The Failure of the Brussels Conference, the Suspension of Free Coinage in India, and the Coming of the Panic—The Shrinkage of Values —Repeal of the Sherman Law and the Bond Contract of 1895 —Land Speculation and Bad Banking in Australia,

THE financial crisis of 1893 was in a large measure an afterclap of the Baring failure in 1890. Many millions of British money had been invested in American and Australian securities and the discredit which fell upon Argentine and other South American investments with the failure of the Barings resulted in an irresistible movement to unload such securities and transfer European capital to home investments. Such a tendency would in itself have seriously crippled the great enterprises carried on in the United States, South America, and Australia on foreign capital, even if those countries had not been in any way at fault. Results proved that, while credit rested upon no such rotten basis in the United States and Australia as in Argentina, there had been much sinking of circulating capital in unproductive enterprises and a tendency towards unwise economic policies which had fettered the industries of those countries and driven gold from its legitimate place in their monetary circulation. Circumstances which might have impaired American and Australian credit under any conditions were emphasized by the general distrust aroused by the Baring failure and it required only the rude test of the withdrawal of foreign support to confirm the suspicions of foreign inves-